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ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures.

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10]

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners.

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could

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not employ their own agents.[11] At Shanghai, Consul Balfour found himself unwittingly involved in an attempt to create a local Cohong when after some difficulty in finding a house available for leasing as the consular residence on the day after his arrival in November 1843, he accepted the offer of a prosperous Chinese gentleman. His landlord leased him a large house in the Chinese city, and then established himself in the gate house where he carefully observed the comings and goings of his tenants. When Balfour was approached by his host on trade matters, it was revealed that the gentleman was a prominent Shanghai merchant and that by agreement with the taotai he had planned to acquire a monopoly of trade with the foreigners and to keep them conveniently under supervision in polite house arrest. Balfour quickly made other housing arrangements, and in 1846 moved the consulate to quarters rented outside the city in the foreign leasehold.[12]

By the end of 1843, eleven foreign trading firms were in business at Shanghai, most of them branches of British and American firms originally established at Canton. The new conditions under which they now operated were unique in the history of the China trade. Escape from the Cohong meant moreover a large saving in customs duties. Average total duties per ship exacted at Canton between 1800 and 1840 were estimated by the foreign merchants at 240,000 taels, of which 200,000 taels represented officially connived-in "squeeze." (The tael was a unit weight of pure silver which remained fairly constant from 1800 to 1860 at the equivalent of seven shillings.) At Shanghai the merchants estimated in February 1844 that since the port had been opened average total duties per ship had been 50,000 taels, of which only about 15,000 represented "squeeze."[13] During 1844 a total of 44 foreign ships entered and cleared the port, and by 1855 the figure had risen to 437.[14]

The three great trade commodities of this period were tea, silk, and opium (tables I and II), and for all of them Shanghai was advantageously located. The major silk-producing regions of China lie in the lower Yangtze basin. Tea for export was grown primarily in the belt of hills which forms the Yangtze divide on the south, and waterways connected the northern slopes of this region (where